Harnessing Our Economic Potential

Economic Development in the New Western Territory

A Discussion Paper

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Introduction

Northerners aspire to live a more self-reliant and sustainable lifestyle. They want employment and productive work, affordable and good quality health care, good basic education and skill training opportunities, a clean environment and a safe place to live.

This means harnessing economic potential in a way which ensures that Northerners can take full advantage of opportunities. It means people and communities taking more control of their future. It means resolving aboriginal rights and redefining the way of government. And, it means ensuring that adequate financial resources are invested in making effective social, economic and political changes.

This discussion paper is an integral step in designing a common agenda for economic development in the new western territory. It is about attracting new investment, creating more jobs for residents, developing resources in a sustainable and responsible manner, retaining more of the benefits generated from development and business growth, and becoming more economically viable, responsible and accountable.

This discussion paper is presented in three sections:

Context for Change presents an overview of the political and socio-economic circumstances and challenges which have prompted the Government of the Northwest Territories (GNWT) to look for new approaches to encourage responsible and sustainable economic growth. It discusses the future implications of these challenges and it positions economic development within the GNWT's overall agenda.

Commitment for Change acknowledges the GNWT's ongoing commitment and recent efforts to encourage responsible and collaborative economic development. It briefly discusses the federal government's role and renewed commitment to economic development in the North.

New Approach to Economic Development presents six strategies for sustainable and responsible economic development in the western territory. Each strategy contains a comprehensive set of action plans which are supported by a brief rationale and key initiatives to advance implementation of the plan.

This new approach to economic development cuts across all key government departments. It requires fundamental changes in the relationship between the GNWT and the federal government. It requires some difficult decisions with respect to public funding of competing interests.

It is intended that these strategies and plans for action will be improved and refined through dialogue and discussion with a wide variety of stakeholders. Above all, responsible and effective economic development will ultimately depend on an unprecedented commitment and active involvement by all stakeholders, including land claim organizations, community and regional development organizations, business, industry, individuals, and aboriginal, municipal, territorial and federal governments.

Context for Change

Canada's north presents a dynamic and challenging environment.

The new western territory possesses enormous economic potential. Properly managed, this potential could provide economic growth and prosperity and greater self-reliance for residents and considerable benefits for all of Canada. At the same time, the western territory faces some unique political and socio-economic challenges.

In order to develop effective recommendations for change, ones that will generate the type of results desired, an understanding of the environment in which Northerners live, work and do business is essential.

This section summarizes the circumstances which have prompted the search for innovative ways to encourage responsible and sustainable economic growth and positions economic development within the GNWT's overall agenda.

Political

Vision

On April 1, 1999, two new territories will be created. In preparation, western leaders and residents are turning their attention to the considerable political, social, economic and fiscal challenges and opportunities.

The GNWT has articulated a vision for the future. Achieving this vision requires that it be shared by all Northerners and that it be used to guide decisions, evaluate opportunities and set priorities.

Vision

- *A system of government which respects the collective rights of Aboriginal peoples and the individual rights of all Northerners.*
- *Northern people taking greater control of their future and becoming more responsible for their own well being.*
- *Modern healthcare, education, housing and social programs which are provided by and for Northerners.*
- *Sustainable development of the north's economic potential in a way that benefits all Northerners.*
- *Greater Aboriginal representation in the workforce and economy.*
- *Healthier, more self-reliant individuals, families and communities.*
- *Steadily decreasing dependence on federal transfer payments.*
- *A strong, unified territory, taking its place in the federation and contributing to the prosperity of Canada.*

Agenda

A strong economy will be essential to progress toward achievement of this vision. However, the challenges are far more complex than just economic development alone. The GNWT has identified five key elements in an overall agenda. Each element of the agenda complements the others and all must be advanced to enable Northerners to influence the future and contribute toward achieving the vision.

Agenda

- ***Getting governance right***

  Outstanding aboriginal rights must be resolved and appropriate governing systems at the community, tribal, regional and territorial level must be created.

- ***Taking control of our resources***

  Northerners must assume control of the land and resources that represent the economic potential of the North.

- ***Restructuring our fiscal relationship***

  Northerners must have greater access to own-source revenues to achieve more self-reliance and reduce our dependence on federal transfer payments.

- ***Harnessing our economic potential***

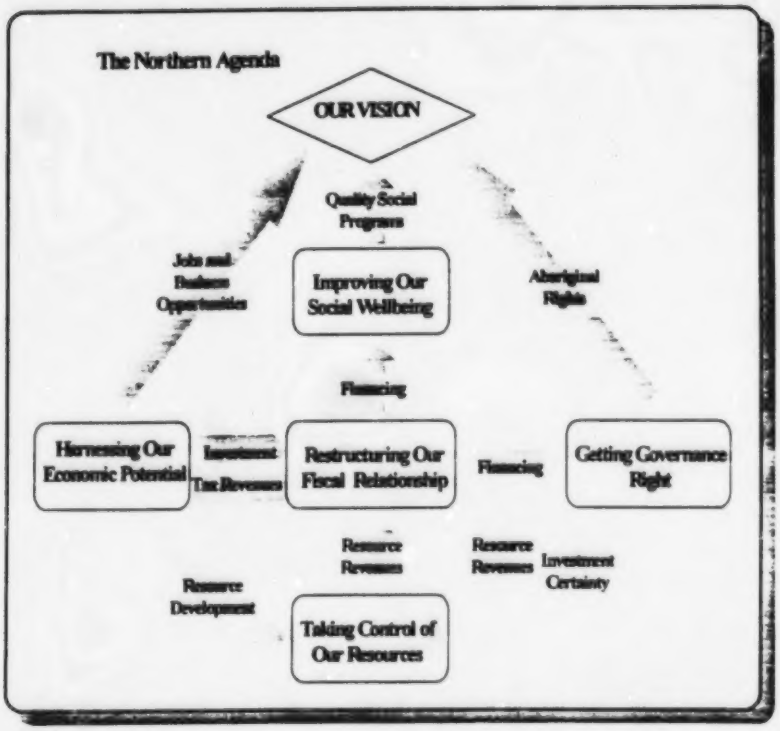
  Northerners must pursue sustainable and environmentally responsible development of the North's economic potential in every sector and ensure that Northerners are able to take advantage of the resulting training, employment and business opportunities.

- ***Improving our social wellbeing***

  Investing in education, health care, housing and other programs which support individual and community wellness is critical to meeting immediate needs and to improving long-term prospects for greater self-reliance.

A strong economy will provide much needed jobs and business opportunities. It will generate the tax revenues necessary to finance governing institutions and allow governments to maintain and enhance social programs.

In order to ensure a strong economy, effective investments in infrastructure must be made and a climate of certainty that will attract private sector investment must be created. To do this, governance issues must be resolved, northern control of resources must be gained, the fiscal position of government must be strengthen and Northerners - individuals, communities and regions, must be equipped with the necessary skills, confidence and support to take full advantage of opportunities. There is a strong, dependent relationship between each of these elements.



Socio-Economic

Economic Activity

For centuries, northern aboriginal societies relied on the land and natural resources in a subsistence economy. European contact brought trade and settlement, based largely on natural resources. Government followed and public infrastructure and programs have become a major part of the northern economy.

Today, the northern economy includes a number of diverse sectors. Modern industrial development and traditional economic activities, private sector and government investment all contribute to a more broadly based economy.

The more diversified regional centres enjoy a critical mass of business activity and infrastructure which has attracted private sector investment. However, in the majority of the smaller communities, the economies are more dependent upon traditional activities such as hunting, fishing and trapping. Although some linkages between these two economies have evolved, this duality is still very evident.

Strategies and action plans to encourage economic growth must reflect the diversity of opportunities in different regions and communities as well as the diversity of aspirations within our population.

Gross Domestic Product

The relative health of any economy can be measured by following the trends in the Gross Domestic Product (GDP). Over the past 10 years, the NWT's GDP has increased significantly, attributable mainly to growth in the retail sales and service sectors of the economy. Currently, the NWT's GDP is valued at $2.237 billion.[1] On a per capita basis, this is the highest GDP in Canada.

Contributors to GDP include: public service (31%) representing the highest percentage of government spending in any jurisdiction in Canada; mining, oil and gas (18%); real estate, finance and insurance(15%); transportation and communications (12%); construction (11%); wholesale, retail and business services (8%); accommodation, food and beverage (3%); and forestry, manufacturing, commercial fishing and trapping, and agriculture (less than 1%).[2]

Although GDP is one way to measure and analyze economic activity, it can be misleading in terms of distribution of income and it is not necessarily an accurate indication of economic wellbeing, particularly when applied to northern communities. For example, mining, oil and gas exports are a big contributor to our GDP, but do not always result in comensurate employment and income benefits to Northerners. Northerners do not receive fiscal benefits comparable to this level of activity because royalties are paid directly to the federal government.

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[1] NWT Bureau of Statistics.

[2] Ibid.

Subsistence Economy

The full economic value of traditional resource harvesting activities is generally not included GDP calculations. Figures suggest that a large majority of aboriginal residents hunt, fish and gather wood to augment their family income. It is estimated that the replacement value of products obtained by Northerners hunting, trapping and fishing is approximately $55 million annually.[3]

These activities present productive work opportunities for a significant portion of the northern population, particularly in smaller communities, enabling residents to maintain a traditional lifestyle and contribute to individual and community self-reliance.

Population

In 1996, the population of the Western NWT was 39,672.[4] The birthrate is almost twice as high as the national average resulting in a relatively young population and an escalating demand for jobs, education, housing and health care.

Notwithstanding the present out-migration and resulting population decrease in the West, long term projections for population growth remain positive and total population is expected to increase by an average of 1% annually over the next decade.

Growth has occurred primarily in the larger centres, particularly Yellowknife, as residents and in-migrants are attracted to employment opportunities and available services.

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[3] Northwest Territories Economic Framework, Agriculture.

[4] NWT Bureau of Statistics.

Employment

The proportion of aboriginal residents relying on the wage economy is steadily increasing. Many of those who continue to participate in traditional harvesting activities, do so on a part time basis and are seeking cash income.

Given the nature of our economy, employment and unemployment, incomes and income distribution may be better indicators of our economic well being.

There are approximately 19,085[5] jobs in the western territory. From 1991 to 1996 an estimated 1,280[6] jobs were created. A large percentage of the new jobs created occurred in the retail trade and service sectors. However, the highest contributor to total employment continues to be the public service, representing 39%[7] of all people employed.

In spite of these promising indicators, the simple fact is that job creation is not keeping pace with the need for new jobs. Overall unemployment currently stands at 12%.[8]

Many of the jobs being created are not going to Northerners, but are being filled by in-migrants or fly-in workers from the south.

Employment and income statistics show that those with higher levels of education and those living in larger centres are more likely to be employed and have higher incomes.

Aboriginal residents, women, youth, those living in smaller communities and those with lower levels of education tend to have higher levels of unemployment, lower participation rates and lower incomes.

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[5] NWT Bureau of Statistics.

[6] Ibid.

[7] Ibid.

[8] Ibid.

Cost Differentials

The price differential between northern and southern Canada creates an important barrier to developing our economy. This economic reality can be attributed to distance, lack of transportation infrastructure and small, widely-dispersed markets.

The large cost differential means that labour costs in the north are high compared to the south, making northern businesses less competitive. High housing costs, in particular, deter fly-in, fly-out workers from establishing residence in the North. Higher nominal incomes lead to a higher federal tax burden. Extremely high costs in many small communities mean that even those who have jobs may still require housing support and other forms of financial assistance.

Education and Training

The relationship between employment and education is pronounced. In the western territory, only 29% of people who have completed grade 9 or less have a job, while 92% of those with a university education are employed.[9]

The level of education attained also has significant impact on the quality of jobs, rates of pay and the range of opportunities open to those looking for work. Trends indicate that employment opportunities will expand over time for those who have achieved a higher level of education. Increasing computerization and mechanization of the workplace is reducing demand for less skilled workers in favour of more highly trained and educated professionals, tradespeople, knowledge workers and managers.

In the western territory, 43% of aboriginal people have not achieved grade 9 and in contrast, 96% of the non-aboriginal population have completed grade 9.[10] This represents a tremendous challenge toward creating a resident workforce which is representative of the population.

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[9] Post-secondary Indicators in the NWT (1997).

[10] 1994 Labour Force Survery.

Implications for the Future

Unemployment, population growth and low levels of education among community residents, have created a tremendous burden on social assistance programs.

In the Northwest Territories, from 1991 to 1997 social assistance payments increased 46% to just over $36 million; the western territory's share was just over $12 million.[11] When social assistance recipients were asked why they required income support, the most prevalent response given was "no jobs".

Unless remedial action is taken quickly, these negative trends will continue to spiral. Larger and larger portions of public funding are being required to meet social assistance demands, leaving less and less of the budget available to support economic development and job creation.

In order to keep pace with the projected population growth and to reduce unemployment to the current national average (9%), 6,000 new jobs will be required by the year 2006.[12]

All economic stakeholders must work together to create jobs and ensure that Northerners are adequately skilled to meet the demand.

[11] NWT Bureau of Statistics.

[12] The Nexus Group.

Commitment to Change

Solutions from the past will not be effective in addressing problems of the future. The western territory has much to offer potential investors and the rest of Canada. But more importantly, northern resources and economic development opportunities should begin now to help reverse the negative socio-economic trends and provide Northerners with a better quality of life.

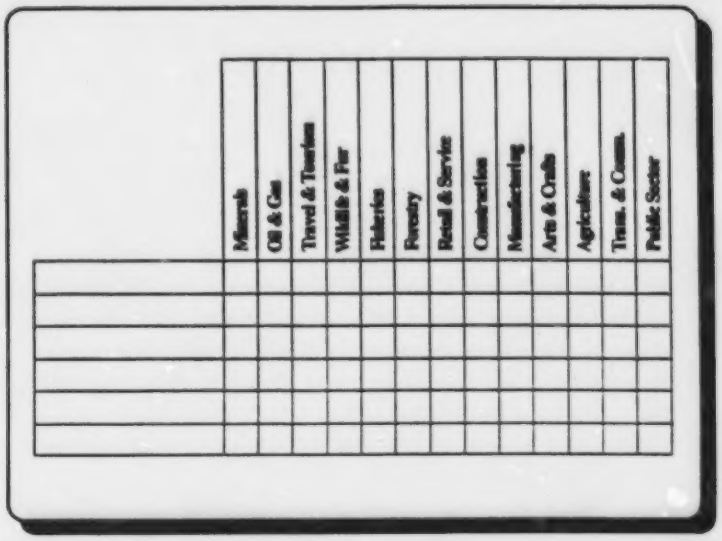
New ways must be found to ensure that economic activity results in benefits for Northerners. But success will depend upon all stakeholders participating in a more collaborative and integrative effort toward the achievement of the vision.

The GNWT has initiated some positive steps toward creating productive partnerships with other governments, industry, business, aboriginal governments, land claim organizations and communities.

This section acknowledges the GNWT's ongoing commitment and recent efforts to encourage responsible and collaborative economic development. It specifically discusses the *NWT Economic Framework* as the foundation for the development of this discussion paper. And, it discusses the federal governments' role and renewed commitment to economic development in the North.

NWT Economic Framework

In August 1997, the Department of Resources, Wildlife and Economic Development released the *Northwest Territories'*



Economic Framework. The *Framework* includes reports on the history, current status and opportunities regarding a "Menu" of 13 economic sectors in the northern economy. Also, it describes and analyzes the economic opportunities, strengths and potential and constraints to development for each economic sector in terms of six key ingredients for success.

The *Economic Framework* acknowledges that the territorial government alone cannot make key economic decisions or drive economic growth. Decisions must be made and supported by all economic stakeholders - the federal government, aboriginal claim organizations, co-management boards, industry, small business, communities and individuals. Therefore, the objective of the *Framework* is to provide information on the potential and constraints in each economic sector so that all stakeholders and potential investors can make better informed investment decisions. It is a useful tool for a wide range of stakeholders to examine sector specific opportunities, priorities and needs from a community, regional and territorial perspective.

Toward an Economic Development Strategy

In Spring 1998, the GNWT Cabinet directed that economic planning be taken a step further and work was commenced on this discussion paper.

A team of private sector consultants and GNWT officials was recruited to develop five independent unit strategies. Each of these documents researches and analyzes a key target area which is critical to achieving sustainable and responsible economic development. The foundation of these unit strategies was the detailed information regarding economic strengths, opportunities and constraints to development which is contained in the *Economic Framework*.

Together, the five unit strategy documents analyze and respond to the economic opportunities, strengths, potential and constraints to development which are identified and explained in the *Economic Framework*. Also, the unit strategies closely reflect the six key ingredients contained in the *Framework*.

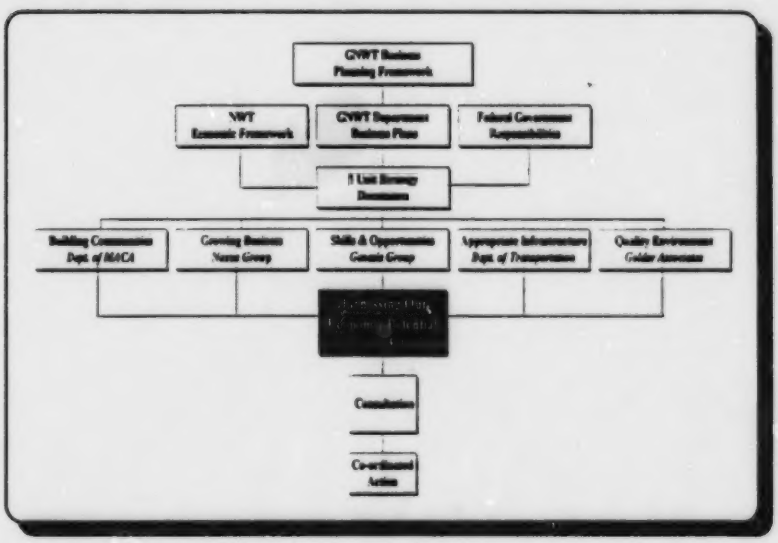
It is important to note that the five unit strategy documents were not drafted in isolation of one another. Many of the issues regarding responsible and sustainable economic development span several of the key target areas and quite often a plan presented in one unit strategy document requires the support of planss in one or more of the other units. This document identifies these multi-faceted issues and links them throughout the appropriate sections to ensure that key government departments work cooperatively and that resources, including federal government funding, are integrated to the greatest extent possible.

The Federal Government

The decision to proceed with developing this discussion paper was initially made by Cabinet in recognition of the approaching creation of two new territories.

However, the federal government has control of northern land, water and non-renewable resources and a lead role in negotiating and implementing aboriginal rights. The recent release of *Gathering Strength-Canada's Aboriginal Action Plan* in which the federal government commits to renew its relationship with the Aboriginal people of Canada, and new financial commitments to economic development contained in the *1998 Federal Budget* have heightened the opportunity to lay a foundation for a new economic future in the North based on partnership and collaboration.

In the next sections of this paper, reference is sometimes made to transferring responsibilities and authorities from the federal government to the territorial government. This is not meant to overlook self-government negotiations and the possibility that some of these responsibilities may be transferred to aboriginal



governments. However, in the absence of finalized self-government agreements and well defined aboriginal government structures, it is

not possible to specifically identify appropriate recipients for all functions that will be transferred or how the administration of these resources will be shared. Until such time, transferring appropriate responsibilities and programs to the territorial governments will maintain the principle that decisions should be made by the people they affect.

Adjacent Provincial Jurisdictions

Recently signed Memoranda of Understanding between the GNWT and the Government of Alberta and the GNWT and the Government of Manitoba will encourage cooperation in areas of economic development.

New Approach to Economic Development

This new approach to economic development signals a departure from the way the government has traditionally planned and presented economic strategies.

Initiatives are not categorized by sector, nor do they reflect the sole responsibility of the territorial government. Success will depend in large part upon all stakeholders setting priorities and achieving common goals and objectives. The territorial and federal governments must be willing to pool resources and work closely toward maximum effectiveness and efficiency.

This section presents six individual strategies that collectively reflect the key ingredients for success introduced in the *NWT Economic Framework* and many of the principles illustrated in the government's vision for the future. Each strategy contains a comprehensive set of action plans, supported by a brief rationale, and key initiatives to advance implementation of the plan. Detail regarding individual plans are included in the applicable unit strategy documents.

In some cases the government has already initiated some of the plans included in this discussion paper. But, in order to generate maximum economic benefit these activities need to be either completed, expanded or diversified. Activities which have already been initiated by government are discussed in more detail in the applicable unit strategy documents.

This new approach to economic development is presented for dialogue and discussion among a wide range of economic stakeholders. During consultation, it is envisioned that specific interests will emerge and priorities for implementation will develop, ultimately resulting in a common agenda for economic growth and resource development for the western territory.

Economic prosperity depends upon Northerners' ability to shape the future. The creation of strong and productive partnerships, responsive policies and programs, effective delivery methods, positive attitudes and entrepreneurial spirit will help maximize strengths, seize opportunities and address constraints.

Strategy 1.0 - Provide Leadership and Create Partnerships

> ***It is essential that limited financial resources are expended in pursuit of a common agenda based on uniquely northern opportunities and that decisions are made by the people they affect.***

Every northerner has a stake in the economy; each has a contribution to make; and there is much to be gained by pursuing a common agenda based on uniquely northern opportunities.

The territorial government no longer has the financial or human resources to maintain past levels of service and investment in the economy, and an escalating demand for social assistance is resulting in significantly less money available for economic development.

Mature economies can capitalize on the opportunities presented by economic globalization and rapid technological change. But these more sophisticated options are for the most part, not feasible for the undeveloped, resource based economy of the western territory. The territory cannot afford just to follow provincial examples. Northern challenges and opportunities require uniquely northern solutions.

In the midst of the extraordinary circumstances facing the territory, it is clear that responsible and sustainable economic development and growth requires a widely diverse group of stakeholders, all uniting their resources and expertise in the pursuit of a common vision.

The territorial government must provide solid leadership by articulating a common vision and laying the foundation for change, taking into account the opportunities and constraints inherent in a fledgling economy. It must encourage productive partnerships, ensure participation by all stakeholders, prioritize economic development as an effective means towards greater self-reliance for Northerners and streamline operations for maximum efficiency.

For their part, industry and business need to participate more in planning and implementing economic initiatives. They possess a wealth of expertise and knowledge that must be utilized better to benefit the economy.

Communities and regional development organizations must share responsibility for areas once thought to be the exclusive domain of government, such as the delivery of programs and provision of infrastructure. These partners are most appropriately equipped to provide efficient services, set their own priorities for growth and development and make decisions regarding issues that affect their lives.

As aboriginal governments assume authority over resources, they too must be prepared to allow access to resource developers who are willing to ensure that development is responsible and sustainable and that benefits accrue to the people who control the resource.

But, if real economic improvement is to happen, a fundamental change in the relationship between the federal and territorial governments is essential. Together, the federal and territorial governments need to establish a relationship which is more consistent with the level of responsibility, authority and accountability inherent in federal-provincial relations.

Plans which provide solid leadership and create effective partnerships are presented below. As mentioned earlier, some activities have already been initiated by the government but it is essential that these activities be continued as part of an overall approach.

Plan 1.1 Establish a public policy statement that clearly recognizes economic development as a means of achieving economic prosperity, social wellbeing and a higher quality of life for Northerners.

The critical need for social assistance and the benefits generated by many of government programs cannot be disregarded, but it must be recognized that increased spending on economic development initiatives can more effectively contribute to long term and sustainable economic self-reliance and in turn, lead to less demand for social assistance.

If the government is seriously committed to the achievement of increased economic prosperity and social wellbeing for communities and residents, they need to formally recognize the interdependent relationship between economic development and the need for social programming, and set some clear guidelines for funding decisions between these often competing budget items.

Plan 1.2 Restructure departmental planning and budgeting processes to better integrate territorial government resources in support of economic development.

A number of territorial government departments are key contributors to economic improvement. Within the GNWT, these include: Resources, Wildlife and Economic Development; Education, Culture and Employment; Municipal and Community Affairs; Public Works and Services; Transportation, NWT Housing Corporation and Finance. The way in which departmental budgets are currently allocated and annual business plans are reviewed and approved does not encourage maximum integration and collaboration among these departments. Instead, opportunities for these key departments to share ideas and resources are limited, often resulting in uncoordinated activities and fragmented resources.

Government business planning and budgeting procedures need to formally call upon departments to act cooperatively and integrate their resources toward the achievement of economic improvement and benefits for Northerners.

Plan 1.3 Refine and articulate a common agenda for economic development through open and meaningful consultation with all economic stakeholders and partners.

The development of an agenda for economic development in pursuit of common goals and objectives among all stakeholders is essential to achieving economic prosperity for Northerners.

The territorial government is well suited to engage all stakeholders in meaningful dialogue and consolidate a variety of interests into a common agenda. The regional structure and community presence of the territorial government ensures that discussion of the issues can take place at a grass-roots level. Also, the strategic planning framework that the GNWT has recently adopted provides a systematic approach toward identifying critical issues among a variety of interests and involving all stakeholders in the development of integrative and cooperative strategies toward addressing the issues.

Plan 1.4 ***Establish a territorial government-wide performance evaluation system to: establish measures, standards and objectives; collect socio-economic data; and monitor and measure progress toward the achievement of economic prosperity, social wellbeing and a higher quality of life for Northerners.***

One of the critical components of any strategic planning exercise is to monitor and evaluate performance toward the achievement of the goals. As mentioned previously, the GNWT has presented an agenda to work toward the achievement of a common vision for the future. It is incumbent upon the government to monitor the effectiveness of public expenditure toward the achievement of this vision.

A comprehensive monitoring and evaluation system needs to be designed and installed. The system should include performance measurements, standards and objectives to measure whether public money is being spent in a manner which is ultimately achieving a better quality of life for residents. A government-wide performance evaluation system will ensure that all key departments are focusing limited resources toward the achievement of the same result. This should also include methods to collect, evaluate and dissemination data.

This plan should also consider the issues discussed in Plans 2.6 and 3.10.

Plan 1.5 ***Transfer control and management of land, water and non-renewable resources, including associated human and financial resources, to the appropriate territorial authority.***

The use of the term "territorial authority" in this plan recognizes that the transfer of authority for resources is under discussion in current self-government negotiations. However, in the absence of finalized self-government agreements, it is not possible to specifically identify appropriate recipients for all functions that should or will be transferred from the federal government. However, the intent of this plan is to pursue the transfer of resources while maintaining the principle that decisions should be made by the people they affect.

The division of powers between the provinces, territories and the federal government is set out in the *Constitution Act of 1982*. This

Act gives the provinces jurisdiction over resources and economic development. Like the provinces, the territorial government has been given the responsibility for economic development and some renewable resources. Unlike the provinces, the federal government retains control over land, water and non-renewable resources. This means that DIAND is still shaping policies with respect to the development of minerals and oil and gas, and royalties paid by non-renewable resources developers are paid directly to the federal government.

This arrangement has severely limited northern ability to influence the northern economy through the adoption of legislation or policies that link the issuance of development permits and licenses to the generation of benefits to Northerners.

This jurisdictional split over resources and responsibilities amounts to a partition of the key elements of the economy - renewable resources and non-renewable resources - which dilutes the contribution that each party is currently making to improving the economy. In addition, continued federal management of resources from Ottawa is inconsistent with the territorial effort toward a more responsible and responsive system of government and resource management.

Transferring authority for the management of land, water and non-renewable resources is one of the cornerstones to stimulating the territorial economy. Although it does not preclude the implementation of the other plans contained in this new approach to economic development, without this authority, Northerners will be powerless to assume control of their own economic future.

Plan 1.6

Finalize federal-territorial economic development agreements which address uniquely northern circumstances.

Over the past ten years, the federal government and the GNWT negotiated two economic development agreements. The first was implemented between 1989 and 1991 and the second, between 1991 and 1996. Although the administration of these agreements was quite burdensome and the impact on long term jobs did not reach initial expectations, these agreements did produce some positive results. Specifically, the agreements paid for much of the expensive resource

inventorying which is critical to encouraging new investment in resource exploration and development by industry.

It is imperative to the territorial economy that resource inventorying continue. The territorial government does not have the financial resources available to assume responsibility for these types of high priced development activities, and therefore it must rely on the continuation of federal government funding.

New economic development agreements should focus on:

- resource inventories, particularly for minerals, oil and gas and forestry (discussed in more detail in Strategy 3.0)
- capital investments required to support the development of natural resources, particularly infrastructure (discussed in more detail in Strategy 5.0)
- skill training (discussed in more detail in Strategy 4.0)
- community initiatives aimed at developing local resources (discussed in more detail in Strategies 2.0 and 3.0)

Strategy 2.0 - Build Strong Communities

It is essential that support be available so each community can develop individual strengths, build capacity and become more self-reliant.

Economic and resource development must be planned and implemented in cooperation with communities to ensure that specific socio-economic needs are addressed and that alternatives to dependency are provided.

Most communities in the western territory can be characterized as economically undeveloped. Predominantly populated by aboriginal people, these communities are small and isolated with limited transportation links, restricted market potential and relatively little private sector activity.

The nature of sustainable business development and job creation is completely different between economically developed and undeveloped communities. Realistically, the majority of communities do not enjoy potential for industrial or business development. Nor do all Northerners want a job in the industrial and business sectors of the economy. However, communities do enjoy proximity to vast natural resources. The use of these resources for activities such as hunting, trapping, fishing, arts and crafts production, forestry and tourism offer Northerners productive work leading to greater individual prosperity and community wellbeing.

There is an explicit interdependent relationship between a community's economic performance and its level of social wellbeing. There is a growing desire among community leaders and residents to exert greater influence over individual quality of life and community wellbeing. *Community development* is a process which recognizes that although jobs and productive work opportunities are critically important to improving a community's overall wellbeing, other components of a community's development are equally important and deserve support. As one component is strengthened, it in turn strengthens the others to achieve real change for the community and its residents.

In order to increase opportunities for productive work, governments, communities and individuals must join forces in a comprehensive

approach to *community development*. A community that is safe, where housing is adequate, where health services, basic education and employment training opportunities are available and where community spirit is strong will impact positively on the community's economic performance and ability to provide jobs and productive work opportunities for residents.

Plans to build stronger communities are presented below. As mentioned earlier, a number of these plans have already been initiated by the government but it is essential that these activities be continued and expanded to other areas of the territory as part of an overall approach to building communities.

It should be noted that these plans may be seen more broadly based than plans contained in other sections of this paper. This is primarily due to the fact that *community economic development* is relatively new to the western territory and therefore, requires a greater degree of fundamental research, strategy development and operational planning than is the case with the other strategies.

Plan 2.1 Establish a public policy that formally recognizes the need for community development and demonstrates a commitment to systematically establish capacity and resources within communities.

Community development is a long-term process aimed at improving the quality of life for community residents. It provides a framework for all residents to participate in making investment decisions concerning economic, infrastructure, social and educational development within the community in hopes of reversing the negative socio-economic trends that have developed due to decades of cultural change, financial dependence on government, low education levels, limited economic opportunities and isolation.

Community development involves communities taking on more leadership and responsibility. Projects are community-driven, chosen by residents and run largely on resident energy. Community development relies on resident self-help, collective action and mutual support.

Unlike conventional approaches to economic development and job creation, *community development* is not about the government simply providing funding or delivering services. Its aim is more

developmental and founded on the priorities and expectations of individual communities.

The general concept of *community development* is familiar to northern communities. Developing, organizing and sustaining community spirit, cooperation, identity and social organization is inherent to the traditional way of life of aboriginal people. Community development allows communities to take the initiative to face their problems and improve their community by designing and implementing their own solutions.

The recent move toward *community development* in the western territory has neither been readily accepted or well coordinated among key departments. The establishment of a *"Community Development"* public policy statement will provide clear direction to key departments and a clear indication to other stakeholders that the territorial government recognizes *community development* as an integral component of successful economic development and that it is strongly committed to systematically establishing capacity and resources within communities so that residents can participate in increasing community self-reliance and improving their own quality of life. This policy will help reduce community dependence on scarce government resources and residents will develop greater pride and a sense of responsibility toward the community, maintenance of property and more determination to combat social issues, low education levels, crime and other community concerns.

Development of this policy requires extensive consultation and involvement by communities.

A key initiative to advance this plan:

- Establish an interdepartmental working group, including strong community representation, to draft a *"Community Development"* policy which should include provisions for:
  - facilitating the process in each community
  - developing innovative, community-based and driven plans which integrate social and economic challenges and solutions
  - government support that is coordinated and focused on providing a hand up (information, flexibility, advice, technical expertise) rather than a hand out (policy, procedures, top-down approach)
  - funding and financial resources

- community ability to make decisions over priorities, planning and programs

Plan 2.2 Develop a comprehensive "Building Communities Strategy" to provide a framework for communities to begin assuming greater responsibility and accountability for their own future.

All partners need to organize for a collaborative approach to sustainable community development. The territorial government should lead a project management team comprised of deputy ministers from key departments, the federal government and community representatives in the development of a comprehensive *"Building Communities Strategy"*.

The *Strategy* should provide a "menu" of functions from which communities can begin working toward assuming greater responsibility and accountability for their own futures. Because all communities are not at the same level of maturity, the *Strategy* must be flexible enough to accommodate a varying degrees of preparedness. Key areas that the *Strategy* should focus on include:

1) Strategic and operational planning - improving the ability of communities to identify opportunities, set priorities, and develop long term, integrative strategies and short term implementation plans for a variety of socio-economic challenges.

2) Community capacity - improving the capacity of community governments in a broad range of areas such as community and board governance, technology, organizational management, operational maintenance, community health and safety.

3) Financial partnerships - improving the level of financial and technical support to communities to help them arrange and manage their own financial affairs.

4) Community sustainability - improving the ability of communities to identify and maximize economic opportunities that support job creation, productivity and community and individual self-reliance.

5) Community health - improving the health of community residents through programs that support healthy activities, diet, early

childhood development, youth development and health education.

6) Community education - improving the education levels of community residents through programs that encourage increased parent participation in education, improved student participation in achieving higher levels of education, cooperative learning and work experiences, adult learning and skills development.

7) Community infrastructure - improving investments in community infrastructure, housing, energy use alternatives, economic and business infrastructure and community facilities.

8) Community safety - improve the safety of communities through fire and emergency measures and crime prevention programs.

The development of a *"Building Communities Strategy"* requires extensive community consultation and involvement. It is envisioned that existing program budgets, new investments and community generated funds could provide the resources required to support the implementation in individual communities.

Key initiatives to advance this plan:

- Establish an intergovernmental (federal, territorial and community) project management team to review strategies in other jurisdictions
- Research and consider program amalgamations and partnerships
- Review strategy actions by other jurisdictions in socio-economic integration initiatives

Plan 2.3 Design and implement a series of demonstration projects to define, exhibit and evaluate individual elements of the "Building Communities Strategy".

Adopting a *"Building Communities"* approach will result in significant change and will not be achieved overnight. In partnership with communities, demonstration projects based on individual elements of the *"Building Communities Strategy"* should be designed and implemented. These projects will demonstrate the benefits of a

community development approach to stakeholders, give all partners some hands on experience with a variety of the elements of the *Strategy*, and assist governments in developing new socio-economic policies and departments in finding ways to organize to support progress.

Demonstration projects should focus on: developing partnerships between governments and private sector; round table planning to identify community opportunities and set priorities; community governance; financial planning for results; assessment of community capacity; training to meet capacity gaps; block funding of selected departmental programs; socio-economic integration initiatives; and self-evaluation and monitoring of community financial plans.

These demonstration projects should be a minimum of two years.

Key initiatives to advance this plan:

- Consult with community governments
- Research constraints, capacity gaps and training requirements
- Review other jurisdictions' efforts in consolidated planning
- Develop a round table planning program

Plan 2.4 Establish regional approaches to the delivery of services and programs, where efficiencies and increased effectiveness will result.

Regionalization needs to be reinforced as part of an integrated approach to *community development*. As more responsibility and accountability is shifted to communities, a mismatch between available resources and new responsibilities will likely emerge. Communities will soon be looking for areas where they can save money by achieving economies of scale and efficiency. One solution is a new emphasis on a regional approach to service delivery. This is particularly the case for smaller communities, where a collaborative regional approach to providing services will contribute to the best distribution of technical support, resources and efficiency of efforts.

A regional approach to the delivery of economic development programs and services is discussed in Plan 3.3.

Plan 2.5 Amend existing legislation to increase communities'

ability to generate their own source revenues for re-investment in community development initiatives.

Only five of the communities in the western territory are tax-based meaning that community leaders and administration have the ability to raise revenues and invest in community initiatives. Existing legislation restricts the remaining communities from enjoying this ability, making them dependent on government operating grants and accountable to government.

Current legislation is being developed to provide increased authority and more ability to non tax-based communities to raise their own revenues and invest in their own socio-economic priorities. These reviews should be considered a priority as they provide the basis for increased community involvement, community generated investments and accountability for community-driven, socio-economic decisions. More flexible legislation would allow non-tax based communities to partner with governments in developing socio-economic program partnerships.

Key initiatives to advance this plan:

- Complete finance and legislation reviews
- Research the program and technical support needed to assist communities with increased opportunities and decision making authority
- Review and recommend alternative approaches to financing communities through block funding

Plan 2.6

Develop a more complete set of community specific socio-economic indicators to better determine the performance and wellbeing of communities.

Because GDP is not a good measurement of community wellbeing, indicators other than GDP should be designed to measure and report on the economic circumstances in communities and the progress toward achievement of economic prosperity and a higher quality of life for community residents.

Indicators could include: the non-market value of renewable resources harvested by community residents; real unemployment

rates; number of social assistance recipients; longevity; and infant mortality.

This plan should be considered with Plan 1.4.

Strategy 3.0 - Support Business Growth and Resource Development

It is essential to create a positive business environment and broad economic base enabling all stakeholders to make the most of economic opportunities.

A strong and vibrant economy, built on emerging industries and regional strengths, is essential to creating jobs and will contribute to the provision of quality education, health care and social services.

Economic growth and increased prosperity depends in large part upon the creation of a positive business environment and broad economic base to enable the private sector, communities, aboriginal organizations, business and industry to make the most of the economic opportunities the western territory has to offer.

Currently, the economy is struggling with some serious constraints which leads to frustration on the part of business and industry and limits the full realization of economic potential. These constraints include: a high cost of doing business, an uncertain and complex regulatory environment, remoteness from markets, lack of resource inventories, uncertain access to resources, unskilled labour and inadequate infrastructure.

The western territory is poised for a major economic boom in exploration and development of its non-renewable resources. Many international resource development companies have demonstrated significant interest in the potential that lies in the Slave Geological Province for diamonds and other minerals and in the Liard and Mackenzie basins for oil and gas.

The federal government will benefit significantly from this new resource development through the receipt of royalties and taxes; adjacent provinces will benefit from major industrial investments made in the North; but comparatively, the western territory will gain substantially less if measures are not taken to ensure that more of the benefits created through northern resource development are retained in the North.

One of the best opportunities the territory has for increasing economic growth is to open its doors to resource developers and firms that fill identified gaps in the industrial and business capacity. However, if these companies are granted access to the territory's vast natural resources, companies must be prepared to formally commit to responsible and sustainable development, share their profits, provide job and training opportunities for northern residents and purchase northern goods and services.

In addition, steps need to be taken to protect existing northern-based businesses. Government expenditures drive the territorial economy and wherever possible, these expenditures must help support northern based enterprises.

The GNWT currently offers preference to northern businesses through the *Business Incentive Policy*, the *Manufacturing Directive* and several *Private and Public Partnerships*. Although well intended, compliance has not been well monitored, nor have the benefits generated been adequately quantified. Government and the private sector should work together to enhance the effectiveness of programs designed to give northern business an advantage over non-resident competitors.

For a number of reasons, the northern business environment is characterized by uncertainty and complexity which currently contributes to a high level of frustration among northern business people and is frustrating new investment and development. Efforts must be made by governments to alleviate the frustration and make doing business in the north more appealing.

As discussed in Strategy 2.0, many smaller communities do not have potential for industrial and business development, nor do all Northerners desire a job in the industrial and business sector of the economy. Therefore, it is essential to create an effective balance between support for industrial and business development and support for developing community economies based on local strengths and community decision making. Building stronger, more self-reliant community economies must be seen as a cornerstone to a vibrant territorial economy.

To maximize these opportunities and address the constraints to development, it will be essential for all stakeholders to work together toward common goals and objectives. Partners need to design and implement innovative ways to: increase northern control over the

pace and scale of development; ensure community resources are utilized to strengthen community economies; maximize the benefits generated through the expenditure of territorial and federal government funds; support existing businesses; attract new industrial resource development and business investment; expand industrial and business capacity; and, ensure that benefits generated from development of northern resources accrue to Northerners.

Plans that support business growth and resource development are presented below. As mentioned earlier, a number of these plans reflect activities that have already been initiated by the government but it is essential that these activities be continued and expanded and included as part of an overall approach to economic development.

Plan 3.1 Establish a public policy to announce the territory is open for responsible and sustainable development of its non-renewable resources and inform developers of the availability of incentives and the obligation to provide benefits to Northerners.

One of the greatest constraints to new business growth and expansion that exists in the western territory is the uncertain political and economic environment. The creation of two new territories, unsettled land claims, duplication of responsibilities, a split in the jurisdiction over natural resources and a burdensome regulatory regime have contributed to an environment that results in delays, extra costs and high levels of frustration for potential developers.

To alleviate the uncertainty and encourage new investment, the territorial government should extend a policy statement clearly announcing that the territory is open for responsible and sustainable development, informing potential developers of the incentives they can expect and outlining the conditions under which they must agree to operate (refer to Plan 3.6).

Business, industry, residents and other governments need a strong message that provides clear and consistent direction regarding the territorial government's priorities with respect to economic and resource development. This policy must be developed through an open process involving all stakeholders.

Key initiatives to advance this plan:

- Establish an intergovernmental working group to catalogue all current initiatives impacting non-renewable resource development
- Initiate consultation with stakeholders
- Develop a draft discussion paper outlining issues and alternative development models for resource development to fill gaps and eliminate redundancies
- Undertake a promotional campaign to publicize the policy and inform resource developers and associated service companies that the western territory is open for responsible and sustainable exploration and development

Plan 3.2 Establish a northern development partnership responsible for promoting the sustainable industrial development of northern resources.

As mentioned frequently throughout this discussion paper, resource development and business growth in the western territory is often discouraged by an uncertain and complex political and regulatory environment, and administration of programs are plagued by overlap and duplication of resources and effort.

The intent of this plan is to create a "one-window" approach to business growth and development at the territorial level by bringing together all stakeholders and pooling federal and territorial economic development and training programs and associated administrative resources.

This partnership should include representation from a wide range of stakeholders to ensure that opportunities are researched, plans are developed and strategies are implemented in a manner which reflects environmental, cultural, economic and regional interests and northern values. Membership should include the federal and territorial governments, environmental organizations, land claim organizations, co-management boards, regions and communities, industry and business. Individual economic sectors, such as mining, could be represented through the establishment of sub-committees.

This partnership should not be legislated. Instead, it should be seen primarily as a policy and administrative body. It is envisioned that

administrative resources would be reprofiled from the federal and territorial governments for day-to-day operations, and that both governments would pool economic development and training program funding under this partnership agreement. Pooling resources is not meant to imply a revision of existing program guidelines or eligibility. Instead, the intent is to locate responsibilities and funding for economic development under one umbrella and the terms and conditions of an agreement to consolidate funding under this partnership would maintain the integrity of existing programs.

As the primary financial contributors, both the territorial and federal governments would cooperate in setting an operational framework through which ministerial accountability would be maintained. Program goals and objectives would be established and the effectiveness of expenditures in achieving these goals and objectives would be evaluated by both governments regularly.

Specifically, this partnership would be responsible to:

- implement the resource development policy (refer to Plan 3.1)
- identify and research northern development opportunities
- establish business, industrial and resource development priorities and develop strategies and plans for implementation and resource utilization
- administer the development and implementation of the *Industrial Benefits Strategy* (refer to Plan 3.6)
- provide input into, and oversee federal and territorial economic development and training programs, including the allocation of program funding to the regional development partnerships (refer to Plan 3.3)
- implement new joint federal-territorial programming such as an EDA (refer to Plan 1.6)
- provide input into new legislation and policies
- communicating the benefits of investing in the North
- facilitating and coordinating partnerships and communication between governments, industry, business, communities and aboriginal organizations in support of responsible and sustainable business and industrial growth and development
- expanding industry knowledge by increasing access to information (refer to Plan 3.10)

This more coordinated and integrated approach to development at a

territorial level will ease a lot of the confusion and frustration which currently discourages economic and business growth and is an aggressive step toward encouraging new investment. It will ensure that planning for economic growth and resource development integrates all relevant interests; that implementation occurs in a manner reflective of northern values; and that benefits are realized by Northerners. It will facilitate more comprehensive and meaningful consultation among stakeholders. And, it will utilize federal and territorial program and administration resources more effectively and efficiently.

Key initiatives to advance this plan:

- Convene an intergovernmental task force, including a wide range of stakeholder interests, to outline the role and functions of the partnership, its relationship and accountability to governments and the reprofiling of territorial and federal government resources
- Obtain Legislative Assembly approval for the establishment of the new agency and for its operating budget
- Finalize agreements with the federal government to transfer resources and staff
- Appoint a provisional advisory or co-management board

Plan 3.3 Establish a regional development partnership in each region and transfer responsibility for the delivery of federal and territorial economic development and skill training programs to the partnership.

The intent of this plan is to create a "one-window" approach to business and resource development in each region. This will achieve better integration of administrative and economic development program resources; ensure that a full range of development services is available to each community; and allow decisions regarding development priorities and funding to be made by the people affected.

It is envisioned that each regional development partnership would establish a business service centre and recruit staff to support businesses in the region and to support economic development officers located in communities. Each partnership would receive funding allocations from the northern development partnership (refer to Plan 3.2) for a full range of economic and business development

service and programs. The regional development partnership would primarily be responsible for:

- building a consensus and coordinating the establishment of regional and community development priorities
- coordinating the development and implementation of regional and community economic plans, including land and resource use plans
- delivering services and programs in recognition of regional and community priorities, including:
  - NWT Development Corporation projects in the region
  - loans through Community Futures, Business Credit Corporation and the immigrant investor program
  - Business Development Contribution Funding
  - Small Business Grant Funding
  - EDA type funding
  - other federal and territorial government economic development and training programs
- delivering employment creation and job mobility programs
- strengthening economic ties between communities

It is envisioned that administrative resources for day-to-day operation would be reprofiled from the regional office of the Department of Resources, Wildlife and Economic Development, other relevant territorial government departments and federal government departments, where appropriate.

The partnership would be guided by a Board of Directors representing industry, business, communities, aboriginal organizations and government.

Key initiatives to advance this plan:

- Undertake regional consultations to build community support and receive community direction and input
- Establish an interdepartmental working group to recommend the realignment of departmental and regional HQ support functions required
- Develop a resource paper to identify functions, positions and budgets
- Establish an interdepartmental/intergovernmental working group to implement partnerships in all regions.

Plan 3.4 Redefine the role of the NWT Business Credit Corporation as an advisor and central banking service for the regional development partnerships.

Plan 3.3 proposes the establishment of regional development partnerships and suggests they be granted responsibility, authority and resources for lending services which are currently provided by the NWT Business Credit Corporation (BCC), Community Futures and other financing vehicles such as the immigrant investor program. Under the regional development partnership agreement, the BCC would not be required to perform many of the functions which it currently does. However, there would be a requirement for an umbrella organization to provide the regional partnerships with central banking services and advice and assistance. Specifically, the BCC's new functions may include:

- providing funds for regional lending portfolios
- providing oversight analysis on loans over a specific amount
- setting guidelines for portfolio management
- conducting operational audits
- working with other financial lending institutions to ensure better access for northern businesses
- assuming responsibility for the NWT investment tax credit program
- reporting barriers to investment and providing alternatives for removing the barriers

The new BCC could also collaborate with other economic stakeholders to undertake activities such as conducting investment seminars with southern institutional investors on northern investment prospects and hosting meetings with southern based banks doing business in the North to discuss, among other areas of mutual interest, lending policies and programming gaps.

It is envisioned that ministerial accountability would be maintained.

Key initiatives to advance this plan:

- Amend/redraft the *NWT Business Credit Corporation Act* which included the establishment of a "central fund" for providing loans to regional development partnerships

- Establish a training fund to ensure that the regional partnerships are equipped with capable lenders
- Redefine the organizational structure and administrative/ operational budget

Plan 3.5 Redefine the role of the NWT Development Corporation solely as an export development agency.

Plan 3.3 proposes the establishment of regional development partnerships and suggests that operational responsibility for NWT Development Corporation projects within a given region be transferred to the regional partnership. The need for the Development Corporation, as it currently exists, will cease.

Successful marketing of northern products and services in territorial, national and international markets depends on the development of strong connections between producers and wholesalers/retailers. The development of these connections requires a consistent, sustained and often relatively costly effort. It is impractical to consider that each regional partnership or individual producer could independently develop markets for northern produced goods and services.

Therefore, the role of the NWT Development Corporation should be redefined to specifically address the need for a territorial-wide export development agency. This agency should not be an advertising agency nor should it be responsible for general image marketing, wholesaling or retailing. Instead, it should be mandated to work with the regional partnerships or individual producers to maximize the market potential for exports. The agency would work toward identifying and pursuing opportunities to match specific northern produced goods and services with wholesalers or retailers.

The federal government and the provinces have become quite aggressive in building trade relations with other trading blocks including activities such as trade missions, contact lists, compilation of trade rules and assessments of competitive advantages of Canadian made products and services. A northern export agency should use these successful examples to build strategies relative to northern circumstances and also work with other jurisdictions to maximize opportunities for joint marketing initiatives.

The export development agency's primary functions may include:

- improving coordination between producers and wholesalers/ retailers

- providing marketing advice, research and assistance to individual producers, regional development partnerships, industry organizations
- maintaining a network of contacts and disseminating information to producers
- coordinating attendance at trade shows and trade missions
- recruiting partners to develop and implement cooperative marketing programs

It is envisioned that financial and human resources would be reprofiled within the Development Corporation and from the Trade and Investment Division of the Department of Resources, Wildlife and Economic Development. Ministerial accountability would be maintained.

Key initiatives to advance this plan:

- Convene meetings with stakeholders to solicit industry, regional and community input
- Redefine the organizational structure of the Development Corporation and establish an operating budget
- Establish mandates, roles and responsibilities, accountability frameworks and performance measurements and targets

Plan 3.6 Develop a "Northern Benefits Strategy" applicable to all industrial or business development ventures in all sectors of the economy.

Impact benefit agreements have recently proven useful in retaining some of the benefits generated through northern resource development. To date, these types of agreements have been limited to building partnerships between non-renewable resource developers and communities affected by development. It is recommended that this concept not be limited to non-renewable resource development but be offered to all industrial and business developers in all communities in the territory.

A new *Northern Benefits Strategy* should be designed and implemented. Although it is imperative to comply with commitments made in internal and international trade agreements, the strategy should include a comprehensive set of tax incentives and non-tax assistance such as training dollars, capital injection, forgivable and interest reduced loans and loan guarantees which are attractive to a

variety of industries and businesses and competitive with other jurisdictions. The strategy should also include incentive policies designed to increase economic benefits such as the Business Incentive Policy and the Manufacturing Directive. The award of incentives contained in the strategy must be predicated on the delivery of negotiated socio-economic benefits such as training and employment opportunities for residents, use of northern goods and services and construction of infrastructure. Ongoing monitoring of benefit commitments will be necessary together with provisions for liquidated damages for non-compliance.

It is critical that a *Northern Benefits Strategy* provide a framework for negotiating individual impact benefit agreements with any business or industry wanting to participate. The cost of production and earnings potential is different for every business and therefore the framework must ensure that the unique circumstances within a given company, industry or project are considered, that expectations of the company and the benefactors are realistic and that standards and targets are fair and achievable.

Governments, government-funded boards and agencies and contractors undertaking projects on behalf of government should be obligated to comply with the *Strategy* in and effort to maximize the benefits of government expenditures. For government sponsored projects, thresholds could be established based on the size of the project and the extent of the impact so that smaller, more marginal projects could be exempt. Although the *Strategy* should be aggressively promoted, it is not meant to be imposed on developers. Not withstanding the obligations for government sponsored projects mentioned above, participation would be voluntary.

Alberta has adopted an *Industrial Benefits Strategy* that provides a good example for the western territory. It sets out guidelines and expectations for developers. It addresses issues such as employment, education and training, procurement of local goods and services, and prevention and mitigation of social effects. Also, New Brunswick has developed incentives programs and been very aggressive in recruiting new ventures. Adopting similar approaches in the western territory will provide a major step toward generating benefits for Northerners.

Development of this *Industrial Benefits Strategy* should be an open process involving governments, industry, businesses, communities and aboriginal organizations.

Key to advancing this plan is the establishment of an intergovernmental industrial benefits working group to:

- Review legislation and policies used in other jurisdictions
- Examine existing NWT legislation, policy and agreements to identify gaps and propose changes where necessary to ensure consistency with the new *Strategy*
- Develop a comprehensive and integrated set of competitive tax and non-tax incentives
- Define measures, standards and objectives to monitor individual compliance with impact benefit agreements and the overall results of the *Industrial Benefits Strategy*

Plan 3.7 Identify gaps in the economy's industrial and business capacity and aggressively solicit companies to locate in northern communities.

To complement a comprehensive and competitive set of tax and non-tax incentives attractive to business and industrial developers (refer to Plan 3.6) municipalities should aggressively promote the attributes of the community and design community specific incentives to help offset the costs of industrial and business expansion and relocation.

Companies like junior mining companies and securities analysts which fill gaps in the North's industrial and business capacity should be recruited to establish a base in the western territory. These companies would bring knowledge and create demand for a wide range of specialized services not now available.

Key elements of this plan include: determining specific industries or businesses required to fill gaps in the western territory's industrial and business capacity; building cooperation between communities to enable them to work together, sharing information and resources to attract companies; and providing reasonable incentives without discriminating against existing businesses.

Key initiatives to advance this plan:

- Establish a working group to identify gaps in the North's industrial and business capacity and to develop recommendations regarding measures to attract southern businesses to relocate
- Create a "Community Infrastructure Initiatives" program to

assist communities to offset the cost of expanding their industrial and business capacity

- Establish a "Municipal Research" fund to examine alternative technologies for reducing costs of utilities related to energy, water and sewer infrastructure thus reducing costs of operating in northern communities

Plan 3.8 Reform the regulatory environment to increase efficiency and eliminate unnecessary barriers to development.

The complex and complicated nature of the current regulatory regime often discourages investment, especially among smaller companies that lack administrative support systems and human resources. Potential developers and entrepreneurs are often deterred by having to "run the gauntlet" of regulatory agencies to achieve the approvals, permits and licences necessary to carry on business activity. Occupational health and safety regulations, business licensing restrictions, labour standards legislation, building and fire prevention codes, motor vehicles registration, electrical safety, environmental protection services and many other regulatory requirements have a significant impact on the efficiency of northern companies.

In response to these issues, the government launched a major regulatory reform initiative two years ago. Omnibus legislation to eliminate "red tape" in a number of programs and services has now been enacted, with more changes anticipated. It is important that these efforts continue, particularly with respect to streamlining approval processes, improving interagency coordination and integrating licensing and permitting processes.

It must be remembered that the federal government retains authority for regulating certain aspects of land access and resource extraction and for legislation relative to environmental assessment. Effective regulatory reform will need to be approached through cooperative activities between the territorial and the federal governments. The territorial government should continue to develop improved mechanisms for packaging the concerns that Northerners have about federal regulatory regimes, so that they can be better presented on the national stage.

It is important to ensure that regulatory reform does not become an

exercise in "watering down" health, safety and environmental standards that protect Northerners. What we are after is not necessarily de-regulation but, rather, a clearer and more sensible approach to the manner in which governments discharge their regulatory responsibilities.

A number of critical issues surrounding the complex framework for environmental assessment and regulation are discussed with respect to plans 6.3 and 6.4.

Key initiatives to advance this plan include:

- Support current regulatory review activities in both the territorial and federal governments and continue to address regulatory issues jointly wherever possible
- Develop a comprehensive policy that will guide the establishment of future regulatory frameworks and any substantive change to existing regulatory regimes and integrate the approach used by regulatory departments, boards and agencies
- Maximize inter-governmental harmonization in regulatory requirements and procedures
- Increase stakeholder consultation and private sector input into the design and implementation of regulatory structures
- Create one-window access to regulatory information and programs
- Establish voluntary initiatives and voluntary codes of compliance where warranted
- Investigate the potential use of Special Operating Agencies (SOAs) and Delegated Administrative Organizations (DAOs) for undertaking inspection, licensing and approval functions on behalf of the government

Plan 3.9 Improve access to private investment capital required to undertake northern development projects.

Resource exploration and development companies generally raise operating funds through venture capital pools. Operating in the western territory has created difficulty for these companies because very often the use of venture capital is restricted to the jurisdiction in which it was raised. The western territory does not have venture capital pools sufficient to meet demand.

In order to maximize responsible and sustainable resource development opportunities and encourage investment in the North by resource exploration and development companies, better access to larger pools of private investment funds is required.

Attempts should be made to facilitate easier access to private investment capital and mitigate barriers which currently prevent the use of southern venture capital pools to finance northern ventures.

Key initiatives to advance this plan:

- Review securities legislation in other jurisdictions
- Investigate the creation of northern based funds
- Create appropriate securities legislation in the western territory to facilitate access to venture capital investment pools
- Maintain dialogue with investment bankers and equity fund managers in southern jurisdictions

Plan 3.10 Improve the quality and coordination of information regarding economic sectors, including resource potential.

Public investment to collect and disseminate information regarding resource potential is critical to attract the investment capital required to develop its resources. Quality information enables good decisions on the scale and pace of development, distribution systems, market potential and investment strategies.

Some mineral exploration companies have indicated that if the government did nothing else, it should reinvest in the geo-science mapping program. Normally, the results of geo-science surveys are much awaited in the industry and are followed by a staking rush. The issue raised most during discussions with industry was the inadequacy of the geo-science database. Only a very small percentage of the land area has been mapped at a scale required by the mineral industry for exploration. Resource inventories are included as areas of priority for future federal-territorial economic development agreements (refer to Plan 1.6).

With respect to the emerging forest industry, the potential of this

industry cannot be determined prior to gaining a comprehensive knowledge of the resource base. Some inventory studies have been done but not to the extent required. Inventory databases are an essential requirement for integrated resource use planning (refer to Plans 3.11 and 6.1).

Further investment should be made to improve databases for tracking the overall performance of certain industries. Information on the capacity and performance of industry sub-categories like tourism, arts and crafts, and manufacturing is inadequate.

Key initiatives to advance this plan:

- Finalize a federal/territorial economic development agreement which includes resource inventories, particulary for minerals, oil and gas, and forestry
- Create a central database registry to provide information on what databases are available within the government and elsewhere, the format of the data and an assessment of the databases, including data gaps and data integrity
- Identify key data gaps in data maintained by the government as well as gaps within external databases and initiate activities to address the gaps
- Create a data distribution policy including:
  - guidelines for access to data
  - costs and fees to data users
  - standards and guidelines for updating information

Plan 3.11 Develop integrated resource use management plans in areas where existing or expected land claim settlements are not present, focusing immediately on areas of high potential or resource use conflict, such as the Liard Valley.

One of the chief constraints to economic development in the North is the lack of certainty with respect to access of the land and resources by resource developers, particularly in the minerals, oil and gas, and forestry sectors. Integrated resource planning processes are integral to optimizing the use of the resources, in setting priorities for development, in resolving resource use conflicts that could seriously inhibit the development of a resource and in providing long term certainty to all stakeholders as to which lands and resources are

available for responsible development and which are not.

Resource use planning is a complex process involving the territorial and federal governments, communities and aboriginal organizations. Resource use planning processes have developed mainly in the areas covered by comprehensive land claims. However, in areas without finalized claims, such as the Liard Valley, the need for such planning is quite pronounced. This plan does not imply that appropriate support should not be maintained in areas where land claims have been finalized.

It is expected that significant pressure for development of resources will occur in the Deh Cho for oil and gas and forestry, in the Sahtu for oil and gas and in regions bound by the Slave Geological Province for minerals. These areas should be identified as high priority areas for resource use planning.

One of the key functions of the regional development partnerships (refer to Plan 3.3) will be to initiate and coordinate resource use planning in the region. This includes providing technical assistance, information, co-ordination, mediation, financial support and ensuring the involvement of all relevant stakeholders in the planning and decision-making process.

Key initiatives to advance this plan:

- Designate high priority zones
- Establish a regional working group to design protocols and processes for conducting sector specific (will normally transcend regional boundaries) or regional integrated plans
- Work with the regional development partnerships initiate planning in the region
- Establish an integrated forest management planning process, including conducting forest resource inventories in the Liard Valley and Slave River Lowlands

Plan 3.12 Maximize use of local resources, including the pursuit of traditional economic activities.

Traditional renewable resource use is an intrinsic part of community life in the western territory, local resources should be utilized to the

maximum extent possible for the well-being and sustainability of the community and its residents.

This plan should be considered in the context of Plan 1.6 which encourages undertaking resource use inventories and Plan 3.11 which supports the development of integrated resource use management plans. It is not the intent of this plan to suggest ad hoc use of resources without proper recognition of the consequences. Primary concern must be conservation of the resource followed by subsistence harvesting activities. However, each community possesses an abundance of natural resources that could be used as the foundation of a stronger community economy.

The first steps in implementing this plan is to inventory local resources to determine whether the resources will sustain increased use by the community. It is intended that the regional development partnerships will play a lead role working with communities to identify community opportunities and strengths, plan for community use of the resources and provide funding through loans, contributions and grants to develop community capacity and implement community economic development priorities.

Strategy 4.0 - Provide Training and Develop Skills

It is essential to promote lifelong learning enabling the northern workforce to benefit from and gain access to job opportunities and productive work.

In order to benefit from economic activity, Northerners must have the skills and abilities to take advantage of jobs and income opportunities when and where they occur; otherwise the jobs which are created from economic activity will continue to accrue to non-residents.

A dynamic and fully equipped northern workforce is critical to attracting new investment and retaining the benefits of economic growth and resource development.

Although job creation is increasing in the western territory, maximizing job opportunities to benefit Northerners must continue to be a priority. A balanced distribution of skilled workers between government and industry is important to encourage economic growth and in the western territory, this causes particular concern outside the major centres.

The government already offers a variety of workplace training programs available to government employees and in cooperation with the private sector and industry. However, increasing the level of cooperation between governments, communities, aboriginal organizations, industry, individual employers, workers, schools and colleges is key to ensuring that Northerners gain better access to job and income opportunities when and where they occur and that training programs teach skills that both match the current labour force demands and equip workers with skills that will be required in the future.

Training opportunities must be accessible to workers. Support must be available for new infrastructure and programming in communities and at job sites. Subsidy programs such as income support, employment insurance and student financial assistance must support individuals while they attend training courses and acquire new skills. The private sector should be more involved in setting training priorities, developing curricula, delivering programs and guiding the

development and adoption of training standards.

In the next decade, education and training will be one of the most critical areas for public policy makers and other economic stakeholders to ensure that Northerners acquire the skills necessary to fill the jobs available.

Plans to provide accessible training and develop appropriate skills are presented below. As mentioned earlier, a number of activities reflective of these plans have already been initiated by the government but it is essential that these activities be continued, expanded or enhanced and included as part of an overall approach to economic development.

Plan 4.1 Improve labour market information and ensure that it is widely disseminated for use by governments, employers, communities, regional development organizations, schools and colleges.

It is absolutely imperative to know both the human resource demands and the human resource supply in order to develop appropriate employment, job preparation and education and training programs. Quality labour market information is a critical element in ensuring that Northerners have access to appropriate training and skill development opportunities.

Labour market information is currently gathered by a number of agencies including Statistics Canada, the NWT Statistics Bureau and the Department of Education, Culture & Employment. Data collection is often not specific to the labour market, but instead is part of an overall survey, such as a census. As such, there is little attempt to specifically determine the needs of employers and the skill levels of workers.

More information is required concerning the numbers and types of jobs available, the number of potential jobs by industry, the competencies required for those jobs and what employers expect from potential employees in terms of knowledge, skills and attitudes. In addition, more information is needed on the number and types of jobs that are filled by workers who reside outside the North in order that policies and programs be developed to help equip Northerners for these jobs instead of requiring employers to continue relying on imported labour.

Not only is it essential to gather and analyze this type of information, it is also essential that the information is disseminated effectively so that it can be used by a variety of stakeholders to develop policies and programs which respond to identified opportunities, gaps and deficiencies.

The Department of Education, Culture and Employment has identified the lack of this type of information as a deficiency in the *NWT Labour Force Development Plan*, published in 1997. The *Plan* includes a number of initiatives that are intended to improve the quality and increase the quantity of overall labour market information. The Department should aggressively pursue these initiatives in partnership with industry, communities, private business and the federal government. Government policies and programs should respond to the opportunities and deficiencies identified through this information which is gathered.

Better quality information regarding the northern labour market will help to ensure that policies and programs address specific employment, education and training needs; will provide employers with detailed information regarding skilled Northerners ready to take on available jobs; and will provide individuals with information they need to effectively plan a career, including training and employment decisions.

Key initiatives to advance this plan:

- Establish a central method of gathering, analyzing and disseminating labour market information
- Conduct a labour market inventory that identifies education and competency levels of residents, and the needs of employers
- Assess the workforce needs and identify gaps by consulting with stakeholders
- Establish human resource development boards that include representation by employers, industry, unions, community groups, aboriginal and non-profit organizations

Plan 4.2 Develop a "Workforce Mobility Strategy" to encourage and support Northerners wishing to relocate in order to access training and job opportunities.

In the western territory, opportunities for economic growth and consequently job creation tend to cluster around larger centres and natural resource deposits. However, the greatest need for jobs occurs in the smaller and more remote communities. Unfortunately, it is unrealistic to expect that a sufficient number of jobs will migrate to, or be created in those communities that are most in need.

As more people are choosing to participate in the wage economy, it is becoming increasingly necessary for Northerners to be willing to move to the larger population centres, work sites and camps where jobs are located. There is a significant willingness on the part of Northerners to move but it will be imperative that the government develop initiatives to encourage, support and provide assistance to people who make this choice. For example, if a company identifies specific marshaling centres in the North, assistance should be provided for people to travel from their home community to one of these points. Currently, *Community Mobilization* offers this type of support to facilitate Northerners accessing jobs with mining companies operating in the Slave Geological Province. However, the intent of this plan is to extend this support to ventures in other sectors and regions.

In addition, employers should be encouraged to allow significant flexibility in work schedules and arrangements so that workers can hold a job in the wage economy and also have time to pursue a traditional lifestyle, if they choose.

Key initiatives to advance this plan:

- Develop a promotional campaign aimed at encouraging increased mobility among Northerners
- Expand the student exchange program with schools both in the North and in southern Canada
- Establish a national and international exchange and trade program to expose Northerners to the rest of Canada and the world
- Develop an urban living course to support workers and families that move to larger centres to take a job and/or

education and training

- Develop a program to encourage employers to utilize flexible work schedules and arrangements such as part-time positions, job sharing, flexible work hours, extended leave periods, and rotational work schedules so that workers can maintain a job in the wage economy and also dedicate time to the pursuit of a traditional lifestyle
- Develop a rotational job/life skills course for delivery to workers who are on a rotational work schedule

Plan 4.3 Design pre-employment training programs which match skills with labour market demands and meet sector specific needs.

Funds for training should be expended on developing and delivering programs that directly relate to the largest and most current labour market demands. We need to build processes whereby the types of skills required currently and in the future drive the job training programs which are offered. Before we can begin developing processes to match training programs to emerging industries, we need much more information about specific jobs within each sector and the skills required for these jobs.

Training needs assessments are required to ensure that appropriate programs are available and training is completed in advance of new job development in order to ensure that Northerners are qualified for the types of jobs that are available.

Key initiatives to advance this plan:

- Undertake a comprehensive needs assessment to identify specific job opportunities for Northerners in emerging sectors and assess the training needed to adequately equip Northerners for these jobs
- Enhance the current wage subsidy program and incorporate training as a condition for employers to receive funding
- Increase the budget for training-on-the-job programs

Plan 4.4 Redesign delivery methods for pre-employment programs to better accommodate northern circumstances and a variety of individual learning techniques.

Appropriate and effective training initiatives are absolutely essential if the northern workforce is to learn the skills and acquire the knowledge necessary to adequately supply the job market. It is not enough to only assess training needs (refer to Plan 4.3). Equally important is the approach by which curricula is developed and the method by which the training is delivered.

Several issues challenge effective delivery of training programs. People that need training are generally in the more remote, smaller communities resulting in greater expense and less efficiency when delivering programs. Often people that need training have family or work responsibilities which prevent them from attending full time studies where classes are held during the daytime. Also, people do not always learn by the same teaching techniques. New technology advances offer a wide range of opportunities for diversified and cost effective training delivery.

Training funds must be expended on programs that directly relate to the largest, most current and forecasted future labour market demands but also recognize a variety of personal circumstances, teaching environments and learning styles. To strengthen the chance of success, training must be customized according to individual circumstances, skills and preferences. More money for community-based infrastructure and programs, college programs, employer training initiatives and student financial assistance is required. And, more private sector involvement is required to support and where appropriate, directly deliver training. Training must be offered where the jobs are located and where people are willing to go to learn.

Key initiatives to advance this plan:

- Ensure that every community has access to a multi-purpose community learning centre; each centre should have one classroom dedicated to adult basic education and one classroom equipped for trades delivery
- Ensure that every community learning centre is provided with

distance education delivery equipment

- Support a full-time adult educator position at every learning centre where the community population exceeds 300

- Fund full-time Adult Basic Education programming in every community
- Sponsor more on-the-job training in private sector organizations
- Support the establishment and expansion of private sector training delivery organizations
- Provide appropriate levels of funding to every community to support full-time Adult Basic Education career programming
- Revise the income support and employment insurance regulations to support Northerners enrolled in training programs
- Develop and implement an enhanced workplace literacy strategy to build on the successes in this area over the past few years

Plan 4.5 Initiate better ways to promote and encourage employment and training equity and diversity, especially for aboriginal people, youth, women and disabled people.

There continues to be specific segments of the population which are disadvantaged in terms of education and employment, including aboriginal people, youth, women and disabled people. While the goal of economic growth is to provide jobs and benefits to all Northerners, special measures are required to ensure that these disadvantaged groups are given the same level of opportunity as the rest of the population with respect to training and employment.

Equally important is that these special measures be introduced in a whole new way. Previous attempts at employment equity have focused on legalistic and bureaucratic policies and initiatives that have tried to impose solutions on employers by setting quotas and strict affirmative action guidelines. These programs have not addressed the reasons for the inequities.

A new approach is required that provides incentives and promotes the benefits of employment equity to employers. Many companies in southern Canada have already adopted employment equity programs not because of government policy and regulations, but because it

makes good business sense.

The fact is, there is a rapidly growing multi-cultural clientele in much of Canada and the emerging Canadian workforce is highly diverse in nature. Many companies have introduced employment equity and diversity programs in an attempt to attract both the growing number of multi-cultural clients and the best and brightest of the emerging workforce.

It is this type of practical business application that should be emphasized when designing new initiatives to support employment equity and diversity. The benefits of employment equity must be promoted and special programs introduced which positively encourage employers to hire and train members of employment equity groups. This must be done in a coordinated and constructive manner so as not to cause polarization and resentment among the rest of the population.

This plan should be considered in cooperation with Plan 3.6.

Key initiatives to advance this plan:

- Develop and implement a campaign to promote the benefits and importance of employment equity to employers, businesses and the general public and provide information and advice to employers on how to set up employment equity and diversity programs
- Establish an equity training and wage subsidy program
- Provide additional funding to support affordable, quality day care
- Establish a youth employment subsidy program to encourage employers to hire and train young people and encourage young people to develop their own employment and business opportunities

Plan 4.6 Develop industry supported pre-apprentice trades certification standards and non-apprenticeship occupational standards.

Apprenticeship Certification Standards are developed nationally and applied in jurisdictions across the country, including the North. However, many Northerners, especially those from smaller communities often have difficulty meeting the certification

requirements for many of the trades. While there is no suggestion to compromise national standards, on many northern work sites, journey certified workers are neither necessary nor demanded by employers. Employers do however, want workers who are adequately skilled, have excellent work attitudes, are culturally sensitive and have work experience in harsh climates.

Taking exams and recording the number of hours worked characterize the current Apprenticeship training system. Northerners, especially those from smaller communities, have often not been successful in either qualifying for or completing apprenticeship programs for a variety of reasons. This situation has created a requirement for employers to import transient journey certified workers from the south.

There have been previous attempts in the North to create alternate trades standards at levels below that of the national Apprenticeship standard. For example, the NWT Construction Association has developed its own program for entry level workers and the Northern Colleges have offered pre-apprenticeship and record of achievement programs. While this type of programming has served to meet a demand for training, the accreditation for the courses is not officially recognized as a common standard.

There is a need to develop a recognized standard for pre-apprenticeship trades training programs to better accommodate the skills and abilities of northern workers and at the same time meet the requirements of trades-related industries operating on northern jobsites. This would result in less imported labour and act as a "stepping stone" for Northerners to gain entry into the Apprenticeship training system.

In addition to those occupations regulated by the Apprenticeship system, there are many occupations that do not have certified industry standards. However, there are some industries that are currently developing standards at a national level.

Developing northern accreditation standards for a variety of non-apprenticeship occupations and participating in the development and then adopting national standards where they suit northern circumstances would: increase productivity and performance; provide a common basis for developing education and training programs; assist individuals to plan for their own career development; and illustrate differences and similarities between the competencies

required for various types of jobs thereby encouraging greater skill transference and mobility.

Both the development of effective and useful northern standards and the adoption of national standards requires the involvement of all partners. The Department of Education, Culture & Employment, has already started this process by initiating employment standards boards. It is critical that this process be expanded to other sectors of the economy and that clear, meaningful competencies be developed for a wide variety of occupational categories.

Key initiatives to advance this plan:

- Review the current apprenticeship program accreditation standards and develop recognized standards for pre-apprenticeship level trades training programs that better reflect northern reality and employer requirements
- Revise the mandate of the employment standards boards to review standards for an expanded selection of non-apprenticeship occupations to:
  - determine which occupations have acceptable standards, which need revision to suit northern realities and which require new standards
  - where necessary, develop and implement new accreditation standards that are more reflective of northern workers' educational skills and abilities and employers' needs and expectations
- Where appropriate, continue participating with other jurisdictions at a national level
- Design training programs and curricula for the new certification standards

Plan 4.7 Support entrepreneurial spirit and teach leadership skills.

It is not enough to educate and train Northerners for only the lower paying jobs. We must also be prepared to equip Northerners with professional knowledge, skills and attitudes that will enable them to assume and excel in senior level and leadership jobs in the private and public sectors, non-profit and aboriginal organizations.

Most people who have the necessary experience enabling them to aspire to senior level positions, have families and often work

commitments which unfortunately become constraints that make it difficult for individuals to take the time and spend the energy and money to travel south to take leadership training.

The potential for establishing an adult leadership training centre in the North should be explored. With the latest communications technology and some of the most spectacular land and scenery in the world, there is potential that a leadership centre may attract people from all over the world and be operated as a "for-profit" venture.

It is equally important to develop entrepreneurial spirit and skill in Northerners. Governments must be prepared to support people who have good ideas for new business ventures but lack the knowledge and skills to plan, implement and manage a business. It is essential that this type of training be provided by small business people and others with expertise and real life experience in the related areas instead of government officials, which has often been the case in the past.

A certificate entrepreneur training program should be designed and offered to Northerners wanting to advance a specific business idea. In addition to equipping participants with both theoretical and practical knowledge and skills, the program should be designed to support participants through the various stages of planning and developing their business including: conception; pre-feasibility and feasibility plan development; securing financing; marketing; product development; production; financial management; and employee recruitment and human resource management. Graduation could be dependent upon the business becoming operational.

Key initiatives to advance this plan:

- Investigate the feasibility of establishing a leadership training facility
- Investigate the feasibility of establishing a comprehensive entrepreneurial training program

Plan 4.8 Promote healthy children and the benefits of a basic education.

Just as the links between education and employment are strong, the links between healthy babies and success in school are very strong. The healthier the beginning of a child's life, the more likely the child

is to become self-reliant.

Currently, in the NWT 20%-30% of children live in poverty, a large number of children are exposed to substance abuse, many have been prenatally exposed to alcohol and drugs and child abuse occurs at inordinately high levels in some communities. In spite of some recent gains that have been made, graduation and attendance rates are still well behind those in the rest of Canada.

Developing a skilled northern workforce that is ready and willing to work is inextricably linked to an early childhood environment that reinforces positive values and equips students with basic educational skills.

Currently included in the strategic plan for the Department of Education, Culture and Employment is an consultation process on the K-12 system. This is a positive step and should include widespread consultations in each community, a review of current education theories and practices and an analysis of best practices throughout Canada and the world. The study should result in a series of practical recommendations to ensure that the system produces qualified and competent graduates.

Key initiatives to advance this plan:

- Complete the study of the K-12 system and implement appropriate recommendations
- Provide bridging programs to help students make a smooth transition from school to the work world including:
  - special curricula and projects, school visit programs, student mentoring programs
  - enhancing the existing summer student employment subsidy program to expand the range of employment opportunities for students during the summer months
  - developing cooperative education programs in high schools and colleges in the NWT
  - enhancing existing school career counseling services as well as the services provided by regional and local career centres
- Establish a healthy children promotional campaign to educate parents, families and communities of the benefits children will enjoy if they are given a healthy start and are positively

supported in the early years and throughout school

- Enhance support to existing programs such as *Healthy Families and Healthy Communities Initiatives* and *Aboriginal Head Start*

Strategy 5.0 - Develop Appropriate Infrastructure

It is essential to ensure appropriate levels and costs of infrastructure which is needed to encourage investment and increase competitiveness.

In order to stimulate economic growth and attract new investment, appropriate infrastructure must not only exist, but it must be available at a reasonable cost.

At every stage of the North's history, the scale and efficiency of public infrastructure such as transportation and communication systems, energy, public utilities and land, has played an integral role in the performance of the economy.

The provision of public infrastructure is a responsibility shared by the federal and territorial governments. Over the years, both governments have made substantial investments in a variety of infrastructure projects. Recently, the constantly increasing demand on government resources for social programming has significantly reduced the level of funding available for infrastructure.

Adequate infrastructure lowers input costs for businesses and industry which positively impacts on the competitiveness of territorial goods and services. The combination of reduced costs and increased productivity is essential if we hope to attract new investment and help northern businesses to be viable. At present, many sectors of the economy are unable to realize their potential because of a lack of adequate infrastructure and the high cost of public utilities.

There is considerable cost associated with the types of infrastructure required to support economic development and the vast distances and the high construction costs present even greater challenges for the limited government funding which is available. Therefore, it is essential that government investment in infrastructure be based on a cost/benefit analysis of the contribution it will make to long-term wealth creation.

Additional funding must be leveraged through partnerships with those who share responsibility for the provision of infrastructure and those who will benefit from the cost savings resulting from improvements

and expansion of infrastructure. Where there is sufficient economic potential, opportunities for public and private partnerships should be explored with user organizations, resource developers, aboriginal organizations and construction companies to participate with government in planning projects and constructing facilities.

Plans to ensure appropriate infrastructure at reasonable costs are presented below. As mentioned earlier, a number of these plans have already been initiated by the government but it is essential that these activities be completed, continued or enhanced and included as part of an overall approach to economic development.

Plan 5.1 Complete the Highway Strategy and support implementation of the recommendations to support year round trucking and improve access.

There are some areas for improvement in infrastructure which are more critical to the support of increased economic activity than others. In the western territory, the highway system is the most obvious.

All weather roads total 2,200 km of which only 645 km are paved. Winter roads operated by the government provide an additional 1,310 km of seasonal access. Privately developed winter roads for resource access, primarily in the Slave Geological Province, total approximately 500 km. The highway and ferry network provides all-weather access to approximately 85% of the population and winter road seasonal access to a further 12% of the population. Only six communities are not provided with either all-weather road or winter road access.

Currently, much of this system fails to meet accepted design standards and needs to be upgraded. Having only a quarter of the system paved and the balance being narrow and windy results in high transportation costs and unrealized tourism potential, not to mention an increased number of traffic accidents.

The Department of Transportation is currently developing a new *Highway Strategy* to assemble essential background information required to identify economic development opportunities resulting from the construction of new roads. The projects being considered are:

- the Slave Geologic Province Transportation Corridor
- the Mackenzie Valley Highway extension
- the Inuvik to Tuktoyaktuk Road
- Highway 3 between Rae and Yellowknife

On completion of this review, by March 1999, it is anticipated that priorities will be established based on their potential to create positive economic returns.

In addition to the projects included in the *Highway Strategy*, some other projects need to be considered to support new economic activity. The highways in the North and South Mackenzie regions, including the Dempster, will need to be improved if more vehicle-based tourist traffic is to be encouraged. Gravel surfaces and narrow, winding roads are not attractive to motorists who are familiar with paved, higher standard highways. The Liard Highway between the BC border and Fort Simpson cannot currently support heavy trucking outside the winter period when the road is frozen, thereby restricting forestry, minerals and oil and gas activity in this area. Completion of a loop road between the Dempster Highway and Fort Simpson and the extension of a road to the Arctic Ocean would also increase vehicle-based tourist traffic. The short season of availability of the winter road network also poses problems for the effective scheduling of heavy equipment into the Sahtu region, primarily in support of oil and gas exploration and development.

All of these projects have the potential to benefit a variety of economic interests by providing year-round access to communities and resource areas, supporting heavier volumes of trucking and increasing the volume of tourist traffic. These benefits will result in reduced input costs and greater productivity for all users of the highway system. In addition, highway improvements of this magnitude could create significant employment and income opportunities for northern-based construction contractors.

Key initiatives to advance this plan:

- Support and participate in the completion of the *Highway Strategy* by March, 1999 and support and participate in the implementation of the recommendations
- Increase investment for winter road improvements in the Mackenzie Valley
- Increase investment for improving the Liard Valley Highway

- Accelerate the reconstruction of the last 90 km of the Yellowknife Highway

Plan 5.2 Upgrade airports by undertaking a cost/benefit analysis for each airport site that has been identified as deficient and establish long term priorities for capital funding based on economic rationale.

A number of issues challenge the provision of adequate airport facilities in the western territory. As the effects of aviation deregulation are felt, the economic rationale of air service will assume greater importance than it has in the past. The creation of two new territories is expected to result in changes to air traffic patterns in both territories. The implementation of new aeronautical regulations by Transport Canada is expected to influence runway length requirements for certain aircraft. Some airports currently require upgrading and reconstruction to address deficiencies. Additional work to some airports will be needed in the future as traffic increases and existing aircraft are replaced by more modern aircraft and technology.

A Study on Runway Issues in the Northwest Territories was recently commissioned by the Department of Transportation to analyze the current and future runway requirements at the GNWT-owned airports, including a methodology for prioritizing runway improvement requests. Completion of the recommended improvements, prioritized by a cost/benefit analysis, should reduce operating costs for users of the system, as well as the costs of providing government services.

Improvements to navigation aids could increase the accessibility of communities during periods of poor weather by reducing the minimum allowable ceilings. In some cases this will involve substantial additional investment to improve airfield and approach lighting, as well as to provide a higher standard of airport zoning for the approach and transition zones. This will need to be reviewed on a case by case basis, to determine if the expense is warranted by the benefits.

Key initiatives to advance this plan:

- Undertake an evaluation and cost/benefit analysis for each airport site that has been identified as deficient
- Establish long term priorities for capital funding based on economic rationale

Plan 5.3 Ensure adequate marine transportation facilities exist in communities.

Adequate port facilities are essential for the efficient annual resupply of coastal and river-based communities. In some communities, these facilities also support water-based resource harvesting activities. There is a continuing need to upgrade and maintain wharves and breakwaters to facilitate access to and from the water for subsistence and small commercial harvesting activities. Failure to keep the facilities adequately maintained would result in higher costs to harvesters and eventually dissuade subsistence and commercial activity.

The Department of Transport community marine program has previously invested in harbour improvements including construction of docks, breakwater and wharf structures. Government investment should continue.

Plan 5.4 Continue investigating the potential for deep draft shipping.

A number of shipping companies ply marine routes throughout the North with barges and ships from Hay River and Inuvik to destinations in the western territory, the Kitikmeot region, Churchill and eastern Canada.

Some hydrographic surveys have been completed recently under a joint GNWT/Coast Guard Canada program, with financial contributions from the mining industry to determine the feasibility of deep draft shipping as a more cost effective method of annual resupply and to facilitate greater and more cost effective access to the mineral-rich areas in the Slave Geological Province and the Keewatin region. However, before deep draft shipping can be considered to support mineral shipments and resupply activities, completion of hydrographic charting of northern sea routes is required.

Plan 5.5 Investigate options for reducing the cost of public utilities.

The high costs associated with public utilities like water, sewer, waste management and energy challenge the viability and competitiveness

of many economic ventures in the western territory, particularly in the smaller communities.

Frequently, the cost of utilities in the North is more than double the cost of the same product elsewhere in Canada. The cost for users in communities is significantly higher than in the larger centres due in part to the smaller market and the fragmentation and duplication of administration.

Of particular note is that the North relies almost entirely on imported fossil fuels to provide its energy needs. There are a number of environment issues surrounding the use of fossil fuels which are discussed in Strategy 6.0. However, it is important that over the next 10 years the cost of diesel fuel in the North is expected to increase substantially due to the anticipated creation of new taxes designed to discourage the use of fossil fuels. This cost increase will be reflected in the consumer price and will further impact the competitiveness of northern goods and services in the marketplace.

To create a more attractive environment for investment, the provision of public utilities must be more efficient thereby reducing the input cost to business and industry.

Of specific interest is the formation of the Arctic Energy Alliance in July 1998, to assist energy consumers, regulators and producers working together to reduce energy and utility costs in the North. This alliance has entered into a partnership with the Department of Resources, Wildlife and Economic Development to improve energy management and pursue alternative energy sources, thereby reducing dependency on high cost of diesel fuel.

Concern has been periodically expressed about the cost and complexity of utilities regulation. Some stakeholders have pointed to requirements for detailed information and lengthy hearings and noted that costs are ultimately passed along to consumers. Earlier this year, the GNWT enacted regulatory reform legislation that eliminated a number of "rubber-stamp" procedures within the Public Utilities Board and established authority for negotiated settlement procedures to reduce time and money spent for hearings on rate and other applications. Additional progress might be made in exploring options for further streamlining the area of utilities regulation.

Key initiatives to advance this plan:

- Provide incentives to businesses and industry for the utilization of other sources of energy for power generation
- Support the Arctic Energy Alliance

- Explore options for further streamlining the area of utilities regulation
- Encourage the use of waste heat generated by community electric power stations for heating community buildings
- Undertake an assessment of alternatives to improve efficiencies for the provision of water, sewer, and energy services
- Take steps to increase individual responsibility for the costs of heat, light and water thereby reducing government support required
- Increase funding to support the development of community equity partnerships as part of the establishment of municipal area networks

Plan 5.6 Maximize the capacity of the NWT Power Corporation to provide power at the cheapest possible rate.

The *NWT Power Corporation* is a crown corporation which supplies electricity to most communities across the North. The creation of two new territories and the possible division of Power Corporation assets will likely result in an increase in the total overhead costs of the agencies even though its current costs are already significantly higher than in other jurisdictions of Canada. Without an increase in its revenue base, there are few options for offsetting these increased costs. This situation is contrary to the intent of providing public utilities more efficiently thereby reducing the input cost to businesses and industry.

Encouraging the Power Corporation to expand its customer and service base would increase its revenue base and could achieve some economies of scale resulting in cheaper energy prices, or a least a reduced rate of increase. Examples of activities that may result in economies within the existing operation include providing industrial power supply to remote mines and taking over petroleum product supply wherever government now provides this service.

Key initiatives to advance this plan:

- Evaluate the feasibility of consolidating the operation and administration of currently duplicated public community infrastructure for the provision of energy and power
- Alter the environment which currently limits the ability of the Power Corporation to provide power to a wider range of public and private clients

Plan 5.7 Support the provision of infrastructure at the community level.

The chief constraint with regard to the provision of community infrastructure is the physical condition of the infrastructure and the cost of providing services. The current Infrastructure Program administered by the Department of Education, Culture and Employment is a one-year, $2 million initiative. This program is designed to accelerate projects contained in the communities' capital plans to replace or upgrade existing infrastructure consistent with community standards.

The program is a response by the GNWT to the expiration of the previous five-year *Federal-Territorial Infrastructure Program* which invested in roads, buildings, technology enhancement and tourism facilities. Both governments should ensure that this program is reinstated, cost shared and expanded in scope. Projects should upgrade or increase the efficiency of a variety of community infrastructure facilities and public utilities and encourage the use of alternative funding sources such as cost recovery or participation of the private sector.

A particularly timely and beneficial initiative is the Wire North partnership established between the federal and territorial governments, with participation by regional aboriginal organizations, chambers of commerce and municipalities. The intent is to provide support to communities to develop and use digital communications. Widespread installation and use of Internet services presents unlimited opportunities for business and training in even the most remote communities. These types of partnerships should be pursued.

Strategy 6.0 - Maintain a Quality Environment

It is essential that economic development occurs without jeopardizing the resources for future generations.

Without appropriate planning for the development of resources, including protection of the environment, it will not be possible to ensure continued improvement of any economic sector.

The environment has always been of central importance in defining the northern economy and culture and the improvement of each economic sector will involve a range of environmental implications.

The key constraints to economic improvement with respect to the environment and the protection and sustainability of resources include: insufficient data; uncertainty about access to resources; complex environmental regulatory requirements; lack of clarity regarding the environmental review and permitting process; non-market renewable resource valuations; and lack of education and training with respect to traditional ecological knowledge.

Responsibility for the management of renewable and non-renewable resources is shared between the federal and territorial governments and land claim organizations. This split in jurisdiction makes it essential that partnerships be established to effect change. If governments are seriously committed to attracting responsible resource developers, every effort must be made to streamline and facilitate burdensome procedures and alleviate uncertainty and frustration on behalf of the developers.

A number of plans contained in previous strategies have strong linkages to environmental protection and resource management. Specifically, Plans 1.4, 1.5, 1.6, 3.1, 3.3, 3.6, 3.11 and 3.12 contain implications relevant to this section. Plans to further ensure that economic development occurs without jeopardizing the resources for future generations are presented below. As mentioned earlier, a number of these plans have already been initiated by the government but it is essential that these activities be completed, continued or enhanced and included as part of an overall approach to economic development.

Plan 6.1 Develop land use plans and integrated resource use management plans in all areas of the territories where existing or expected land claim settlements are not present.

This plan is very similar to Plan 3.11 however, the discussion presented here includes land use planning and focuses more specifically on environmental issues and benefits of both land and resource use planning.

Land and resource use planning is a complex arrangement involving the territorial and federal governments, land and resource users and developers, communities and aboriginal organizations. The primary purpose of land and resource use planning is to ensure ecological and socio-economic integrity in a given region. These types of plans provide long term certainty to all stakeholders as to which lands and resources are available for responsible development and which are not. The resolution of land and resource use options must integrate social, economic and environmental goals, objectives and commitments.

The chief constraint to economic improvement in terms of land and resource use planning is the lack of certainty with respect to access of the land and resources by resource developers, particularly in the minerals, oil and gas and forestry sectors. If the land and resources were managed on a more holistic basis, a more secure climate for business development would result. In addition, such planning would ensure that areas and resources are available to meet equally important cultural, aesthetic, recreational and environmental needs.

In the North, land and resource use planning processes have developed mainly in the areas covered by comprehensive land claims. The development of integrated resource plans is also being driven by some economic sectors, such as forestry, as evidenced by the Model Forests Program. However, in areas without finalized claims, such as the Liard Valley, the need for such planning is quite pronounced.

By first initiating and facilitating land use planning processes in pre-land claim areas, stakeholders will establish a basis necessary for the development of integrated resource plans. Together, land use plans and integrated resource use management plans will help to provide certainty to resource users and potential developers and encourage meaningful participation at the community level in resource

development decision-making.

The key role of the territorial government in developing land use and integrated resource use plans, thereby ensuring certainty of land use for all interests includes providing technical assistance, information, co-ordination, mediation and financial support, and involving all relevant stakeholders in the planning and decision-making process.

This plan does not imply that appropriate support should not be maintained in areas where land claims have been finalized.

An initiative to advance this plan is to support a regional planning effort in the Liard Valley development area including the creation of:

- a multi-stakeholder data collection process
- a GIS-based database of environmental information

Plan 6.2 Finalize a system of protected areas.

Setting aside areas for protection is a process that reflects a number of important values held by a variety of groups and citizens including cultural, ecological, spiritual, educational, economic, recreational, scientific and aesthetic.

The territorial government has committed, through its *Protected Areas Strategy,* to establish a system of protected areas by the year 2000. The *Strategy* confirms the importance of aboriginal participation in the process which will be directed through land claim-based planning boards and agencies. The *Strategy* also recognizes the roles that industry, environmental groups and other interested parties have in defining candidate areas.

Many values underlie the need for completing this system. By attempting to meet these diverse needs, stakeholders will be helping to ensure certainty for all interests, including the potential for economic development.

A key initiative to advance this plan includes undertaking a transparent and inclusive consultative process to meet the needs and expectations of all parties and interests, and allow for the inclusion and weighting of values associated with defining protected areas

Plan 6.3 Harmonize and streamline environmental regulatory processes.

The environmental impact assessment regulatory process has been in a state of change since the finalization of the Inuvialuit land claim in the mid 1980s. That land claim included environmental screening and review boards with authority to indicate to the government which course of review or assessment should be undertaken. Since then, somewhat similar processes have been legislated in other land claim areas. As expected, different assessment and review processes have developed for regions with finalized land claims and those without finalized land claims.

Industry often remains unclear as to the environmental review and permitting process that pertains to specific resources and to specific geographical areas in the North. The lack of clarity and the cumbersome assessment mechanisms attached to them, have been identified as a serious impediment to economic improvement, particularly in the non-renewable resource sectors.

The territorial government is not in a good position to address these industry concerns because it lacks control over most resources in the North. As mentioned previously, responsibility is shared between the federal and territorial governments, and where land claims have been settled, land claimant organizations. The result for potential developers can be confusion, delay, unacceptable cost and frustration.

To illustrate this, the Fraser Institute whose client base includes potential investors in the North, lists the NWT as one of the most restrictive places in Canada to do business, primarily due to the complex regulatory regime. They estimate that it takes approximately four times longer for an oil & gas exploration company to receive a permit at a cost of more than ten times that in British Columbia or Alberta.

Several national initiatives are currently underway to address complexities associated with environmental regulations, including the Canadian Council of Ministers of the Environment's harmonization initiative and the Intergovernmental Working Group under the Mines Ministers' Conference. The territorial government needs to continue to support these initiatives and encourage the examination of environmental assessment processes in partnership with aboriginal

organizations.

In addition, all jurisdictions need to work together to clarify regulatory roles and responsibilities and produce appropriate guidelines. These must be updated regularly as land claim negotiations proceed and new agencies, such as the *Mackenzie Valley Impact Review Board*, are established.

Continuing a commitment to help bring forward streamlined processes such as those outlined in the *Mackenzie Valley Resources Management Act*, will help to provide for timely assessment of development projects and appropriate environmental protection.

Key initiatives to advance this plan:

- Clarify regulatory roles and responsibilities
- Ensure northern participation in the 5-year review of the *Canadian Environmental Assessment Act*
- Produce market sector and political area guidelines to facilitate developers knowledge of the processes and help them in obtaining a timely and cost-effective environmental assessment
- Review and identify data requirements for environmental impact assessment
- Establish an environmental auditing and reporting program to allow territorial governments to be more fully involved in existing monitoring programs across a broad spectrum of departments and jurisdictions
- Explore opportunities for community-based environmental monitoring
- Support the collection and use of traditional ecological knowledge

Plan 6.4 Amend existing legislation; establish standards for measuring environmental quality and sustainability; and establish an effective set of economic incentives, grants and subsidies.

Industry and the public want clear, predictable and consistent direction with respect to environmental requirements. It is when these requirements do not exist or are provided in a verbal one-to-one manner that confusion dominates. This plan will provide clarity on

a number of environmental issues to a wide range of stakeholders.

i) Legislation

Legislation is the basis for effective environmental protection. It establishes the fundamental parameters within which government, industry, communities and aboriginal organizations must work cooperatively with respect to issues such as integrated land and resource use management.

It is widely accepted that key pieces of territorial legislation require enhancement and that it must be undertaken in a manner that protects natural resources, ensures environmental quality, upholds community values, yet permits responsible economic development.

ii) Standards

Standards for environmental quality form the basis of measurement from which to gauge environmental health and sustainability. Although standards used by other jurisdictions may provide adequate guidelines for measuring environmental quality, these may not be entirely appropriate to the unique circumstances of the North.

A process for establishing standards for environmental quality should be developed. The process must include adequate and meaningful monitoring of environmental and human health, and be widely and easily communicated to development proponents in order to create an appropriate and attractive climate for economic development.

Canada's recent commitment at the Global Warming Summit in Kyoto, Japan to reduce greenhouse gas emissions could have an impact on future environmental standards and economic development in the western territory. Canada has pledged to reduce greenhouse gas emissions to six percent below 1990 levels by 2008-2012. As yet, no federal-provincial mechanisms or agreements have been defined for meeting this target. While the provisions of the commitment made at the Kyoto Summit guarantee that no one province or territory will be unfairly burdened to meet this commitment, energy producing provinces such as Alberta have raised concerns about the impact this may have on regional economies. As the North looks to the oil and gas and mining sectors as growth areas for economic development, steps should be taken to ensure that territorial commitments to

meeting this target can be reconciled with both the establishment of territorial environmental standards and the need for continued economic development.

iii) Incentives

Economic incentives and disincentives can be useful mechanisms for enhancing environmental quality. A review of current grants, subsidies and contributions against general principles of sustainable development and appropriate resource utilization should be undertaken in order to identify key areas for ensuring environmental quality and enhancement and supporting sound environmental practices by industry and resource developers through such incentives.

Key initiatives to advance this plan:

- Clarify the impact of the Kyoto Agreement on the North and future resource development initiatives
- Participate fully in federal/provincial/territorial processes established for meeting the Kyoto commitment
- Introduce a solid waste recovery program
- Introduce a tax program for industrial pollution abatement to promote sound environmental practices by business, industry and communities
- Establish air quality and emission standards
- Amend the *NWT Wildlife Act* and regulations to address a number of deficiencies arising from changes in other legislation and development in other jurisdictions

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